

**ASSOCIATED STUDENTS, INC.  
CALIFORNIA POLYTECHNIC STATE  
UNIVERSITY, SAN LUIS OBISPO**

**Financial Statements and Supplementary  
Information for the Year Ended June 30, 2018  
and Independent Auditors' Report**

**VASIN, HEYN & COMPANY**

*ABOVE THE BRIGHT LINE*

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AN ACCOUNTANCY CORPORATION  
CERTIFIED PUBLIC ACCOUNTANTS | AUDITORS AND ADVISERS

**ASSOCIATED STUDENTS, INC.**  
**CALIFORNIA POLYTECHNIC STATE UNIVERSITY, SAN LUIS OBISPO**  
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# VASIN, HEYN & COMPANY

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AN ACCOUNTANCY CORPORATION

CERTIFIED PUBLIC ACCOUNTANTS | AUDITORS AND ADVISERS

## INDEPENDENT AUDITORS' REPORT

To the Board of Directors of  
Associated Students, Inc.  
California Polytechnic State University, San Luis Obispo  
San Luis Obispo, California

We have audited the accompanying financial statements of Associated Students, Inc., California Polytechnic State University, San Luis Obispo, which comprise the statement of financial position as of June 30, 2018, and the related statements of activities, and cash flows for the year then ended, and the related notes to the financial statements.

### *Management's Responsibility for the Financial Statements*

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### *Auditors' Responsibility*

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## INDEPENDENT AUDITORS' REPORT - Continued

### *Opinion*

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Associated Students, Inc., California Polytechnic State University, San Luis Obispo as of June 30, 2018, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### *Report on Summarized Comparative Information*

We previously audited the Associated Students, Inc., California Polytechnic State University, San Luis Obispo's 2017 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated September 11, 2017. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2017, is consistent, in all material respects, with the audited financial statements from which it has been derived.

The summary financial statements do not contain all the disclosures required by accounting principles generally accepted in the United States of America. Reading the summary financial statements, therefore, is not a substitute for reading the audited financial statements of Associated Students, Inc., California Polytechnic State University, San Luis Obispo.

### *Other Matter*

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The Schedule of Financial Position – University Union, Schedule of Activities – University Union, GASB Schedule of Net Position, GASB Schedule of Revenues, and Other Information are presented for purposes of additional analysis and are not a required part of the basic financial statements. The Schedule of Financial Position – University Union, Schedule of Activities – University Union, GASB Schedule of Net Position, GASB Schedule of Revenues, and Other Information are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Financial Position – University Union, Schedule of Activities – University Union, GASB Schedule of Net Position, GASB Schedule of Revenues, and Other Information are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

*Vorlein, Hagen + Co.*

Calabasas, California  
September 12, 2018

**ASSOCIATED STUDENTS, INC.**  
**CALIFORNIA POLYTECHNIC STATE UNIVERSITY, SAN LUIS OBISPO**  
**STATEMENT OF FINANCIAL POSITION**  
**JUNE 30, 2018**  
**(WITH COMPARATIVE TOTALS FOR 2017)**

	<u>2018</u>	<u>2017</u>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 227,182	\$ 215,745
Accounts and contracts receivable	113,193	137,251
Other receivables	9,576	4,578
Investments	5,353,720	5,189,258
Deposits and prepaid expenses	35,698	33,715
Inventory	51,330	52,586
Related party receivables	90,818	32,458
Property and equipment, net	<u>1,263,476</u>	<u>1,223,579</u>
 Total assets	 <u>\$ 7,144,993</u>	 <u>\$ 6,889,170</u>
 <b>LIABILITIES</b>		
Accounts payable and accrued expenses	\$ 356,446	\$ 397,868
Accrued payable and related liabilities	534,054	482,513
Related party payables	199,004	272,826
Post-retirement benefit payable	847,626	55,956
Deferred revenue	325,558	300,855
Contracts payable	1,156	-
Funds held for others	<u>1,596,900</u>	<u>1,353,831</u>
 Total liabilities	 3,860,744	 2,863,849
 <b>NET ASSETS</b>		
Unrestricted	<u>3,284,249</u>	<u>4,025,321</u>
 Total net assets	 <u>3,284,249</u>	 <u>4,025,321</u>
 Total liabilities and net assets	 <u>\$ 7,144,993</u>	 <u>\$ 6,889,170</u>

See accompanying auditors' report and notes to financial statements.

**ASSOCIATED STUDENTS, INC.**  
**CALIFORNIA POLYTECHNIC STATE UNIVERSITY, SAN LUIS OBISPO**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2018**  
**(WITH COMPARATIVE TOTALS FOR 2017)**

	<u>2018</u>	<u>2017</u>
<b>REVENUES</b>		
Student activity fees	\$ 7,037,431	\$ 6,617,270
Operating revenue from student activity fees	7,531,604	6,656,925
Revenue from operations	1,532,707	1,512,928
Government service contracts	187,574	184,479
Contributions and grants	371,020	369,523
Parent fees	930,727	830,015
Investment income	56,172	46,548
Other income	81,571	66,208
Rental income	313,320	301,070
Gain (loss) on sale of fixed assets	-	(4,139)
Contract settlements	<u>(19,532)</u>	<u>(7,332)</u>
 Total revenues	 18,022,594	 16,573,495
 <b>EXPENSES</b>		
Student program expenses	14,455,721	11,433,026
Children's center expenses	1,974,550	1,971,196
Administrative expenses	2,109,926	1,987,457
Depreciation	<u>223,469</u>	<u>197,282</u>
 Total expenses	 <u>18,763,666</u>	 <u>15,588,961</u>
 <b>CHANGE IN NET ASSETS</b>	 (741,072)	 984,534
 <b>NET ASSETS - beginning of year</b>	 <u>4,025,321</u>	 <u>3,040,787</u>
 <b>NET ASSETS - end of year</b>	 <u>\$ 3,284,249</u>	 <u>\$ 4,025,321</u>

See accompanying auditors' report and notes to financial statements.

**ASSOCIATED STUDENTS, INC.**  
**CALIFORNIA POLYTECHNIC STATE UNIVERSITY, SAN LUIS OBISPO**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED JUNE 30, 2018**  
**(WITH COMPARATIVE TOTALS FOR 2017)**

	<u>2018</u>	<u>2017</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Change in net assets	\$ (741,072)	\$ 984,534
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities		
Depreciation	223,469	197,282
(Gain) loss on disposal of property	-	4,139
(Increase) decrease in:		
Accounts and contracts receivable	24,058	6,292
Other receivables	(4,998)	15,678
Deposits and prepaid expenses	(1,983)	120,821
Inventory	1,256	5,363
Related party receivables	(58,360)	4,368
Increase (decrease) in:		
Accounts payable and accrued expenses	(41,422)	13,893
Accrued payroll and related liabilities	51,541	(9,647)
Related party payables	(73,822)	(35,183)
Post-retirement benefit payable	791,670	(1,034,924)
Deferred revenue	24,703	24,278
Contracts payable	1,156	(1,792)
Funds held for others	<u>243,069</u>	<u>15,405</u>
 Total adjustments	 <u>1,180,337</u>	 <u>(674,027)</u>
Net Cash Provided (Used) by Operating Activities	439,265	310,507
 <b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Proceeds from sale of investments	12,397,603	11,533,023
Purchases of investments	(12,562,065)	(11,367,253)
Payments related to purchases of property and equipment	(173,103)	(262,503)
Payments related to the construction of property and equipment, net of reductions	<u>(90,263)</u>	<u>(153,954)</u>
Net Cash Provided (Used) by Investing Activities	<u>(427,828)</u>	<u>(250,687)</u>
 <b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	 11,437	 59,820
 <b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>	 <u>215,745</u>	 <u>155,925</u>
 <b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	 <u>\$ 227,182</u>	 <u>\$ 215,745</u>
 <b>Non-cash activities:</b>		
Transfer of work in progress to property and equipment	<u>\$ 99,976</u>	<u>\$ 130,694</u>

See accompanying auditors' report and notes to financial statements.

**ASSOCIATED STUDENTS, INC.**  
**CALIFORNIA POLYTECHNIC STATE UNIVERSITY, SAN LUIS OBISPO**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2018**

**1. ORGANIZATION**

*Nature of Activities*

Associated Students, Inc. (ASI) is a non-profit auxiliary organization of California Polytechnic State University at San Luis Obispo (University). Associated Students, Inc. is operated to provide activities funded by the student government and its Boards, and committees and student organizations, and to provide activities for the University Union facilities, programs and services.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

*Basis of Accounting and Reporting*

The financial statements of Associated Students, Inc. have been prepared on the accrual basis of accounting in accordance with the accounting instructions for auxiliary organizations as issued by the Office of the Chancellor of the California State University. For reporting purposes, the activities of the Organization have been combined into programs and activities as follows:

**Administrative** - Accounts for the general and administrative expenses not directly allocated to the programs and activities of Associated Students, Inc.

**Children's Center** - Accounts for the activities of the Children's Center. The center is operated to provide child-care services to students attending the University.

**Student Programs** - Accounts for the various activities and services provided to students attending the University.

**Campus Programs** - Accounts for amounts held in custody for University student organizations and funds designated for purposes as stated by supporting agencies or donors.

Associated Students, Inc. prepares its financial statements in accordance with generally accepted accounting principles (GAAP) promulgated in the United States of America. The significant accounting and reporting policies used by Associated Students, Inc. are described below to enhance the usefulness and understandability of the financial statements.

*Financial Statement Presentation*

The financial statements are presented based on Accounting Standards Codification (ASC) Topic 958, *Not-for-Profit Entities*. ASC Topic 958, Sections 210 and 225 requires classification of Associated Students, Inc.'s net assets, revenues as well as expenses based on the existence or absence of donor-imposed restrictions. The statement requires presentation of the amounts for each of the three classes of net assets – permanently restricted, temporarily restricted, and unrestricted – in the statement of financial position and the amounts of change in each of those classes of net assets in the statement of activities.

**ASSOCIATED STUDENTS, INC.**  
**CALIFORNIA POLYTECHNIC STATE UNIVERSITY, SAN LUIS OBISPO**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2018**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued**

*Net Assets*

The financial statements report net assets and changes in net assets in three classes that are based upon the existence or absence of restrictions on use that are placed by its donors, as follows:

- *Unrestricted net assets.* Unrestricted net assets are resources available to support operations. The only limits on the use of unrestricted net assets are the broad limits resulting from the nature of the Organization, the environment in which it operates, the purposes specified in its corporate documents and its application for tax-exempt status, and any limits resulting from contractual agreements with creditors and others that are entered into in the course of its operations.
- *Temporarily restricted net assets.* Temporarily restricted net assets are resources that are restricted by a donor for use for a particular purpose or in a particular future period. The Organization's unspent contributions are classified in this class if the donor limited their use, as is the unspent appreciation of its donor-restricted endowment funds. When a donor's restriction is satisfied, either by using the resources in the manner specified by the donor or by the passage of time, the expiration of the restriction is reported in the financial statements by reclassifying the net assets from temporarily restricted to unrestricted net assets. Net assets restricted for acquisition of buildings or equipment (or less commonly, the contribution of those assets directly) are reported as temporarily restricted until the specified asset is placed in service by the Organization, unless the donor provides more specific directions about the period of its use. Associated Students, Inc. did not have any temporarily restricted net assets at June 30, 2018.
- *Permanently restricted net assets.* Permanently restricted net assets are resources whose use by the Organization is limited by donor-imposed restrictions that neither expire by being used in accordance with a donor's restriction nor by the passage of time. Associated Students, Inc. did not have any permanently restricted net assets at June 30, 2018.

All revenues and net gains are reported as increases in unrestricted net assets in the statement of activities unless the use of the related resources is subject to temporary or permanent donor restrictions. All expenses and net losses are reported as decreases in unrestricted net assets.

*Cash and Cash Equivalents*

Cash and cash equivalents are short term, interest bearing, highly liquid investments with original maturities of three months or less, unless the investments are held for meeting restrictions of a capital or endowment nature. Associated Students, Inc.'s cash balances, at times, may exceed federally insured limits. Management believes Associated Students, Inc. is not exposed to any significant credit risk on cash and cash equivalents.

**ASSOCIATED STUDENTS, INC.**  
**CALIFORNIA POLYTECHNIC STATE UNIVERSITY, SAN LUIS OBISPO**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2018**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued**

*Accounts, Contracts and Other Receivables*

Receivables consist of parent fees, commercial, credit card and contract receivable balances at year end. Receivables are primarily unsecured amounts for cost reimbursement or for services performed. Receivables are stated at the amount management expects to collect from outstanding balances. Associated Students, Inc. considers accounts receivable to be fully collectible; accordingly, no allowance for doubtful accounts has been established. If accounts become uncollectible, they will be charged to operations when that determination is made. The accounts receivable and other receivables balances at June 30, 2018 were \$113,192 and \$9,576, respectively.

*Investments*

Investments in marketable securities with readily redeemable fair values and all investments in debt securities are carried at their fair market values in the statement of financial position. Unrealized gains and losses are included in the change in restricted net assets in the accompanying statement of activities.

*Deposits and Prepaid Expenses*

Prepaid deposits, insurance and other costs are expensed ratably over their respective terms of agreement.

*Inventory*

Inventory has been valued at the lower of cost, determined on a first-in first-out basis, or market.

*Property and Equipment, net*

Land, buildings, property, and equipment are reported in the statement of financial position at cost, if purchased, and at fair value at the date of donation, if donated. All land, buildings, and property are capitalized. The minimum dollar amount for capitalizing and depreciating an asset is \$5,000. Repairs and maintenance that do not significantly increase the useful life of the asset are expensed as incurred. Depreciation is computed using the straight-line method over the estimated useful lives of the assets, as follows:

Buildings	10 - 20 years
Building Improvements	3 - 20 years
Computer Equipment	3 - 5 years
Furniture and Equipment	2 - 20 years

Property and equipment are reviewed for impairment when a significant change in the asset's use or another indicator of possible impairment is present. No impairment losses were recognized in the financial statements in the current period.

**ASSOCIATED STUDENTS, INC.  
CALIFORNIA POLYTECHNIC STATE UNIVERSITY, SAN LUIS OBISPO  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2018**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued**

*Work In Progress*

At June 30, 2018, Associated Students, Inc. had several work in progress projects underway relating to improvements to the ASI & Orfalea Family Children’s Center facility and the University Union Multi-Cultural Center, auditorium and plaza. Related costs are included in work in progress in the Statement of Financial Position under property and equipment at June 30, 2018. During the year, Associated Students, Inc. capitalized \$99,976 for the ASI & Orfalea Family Children’s Center play yard renovation project.

*Accrued Leave Liability*

Accrued leave benefits are accrued on a monthly basis. Full-time employees accrue vacation time based upon years of service to Associated Students, Inc. as follows:

<u>Years Employed</u>	<u>Annualized Accrual</u>
0 - 3 years	10 Days
3 - 6 years	15 Days
6 - 10 years	17 Days
10 - 15 years	19 Days
15 - 20 years	21 Days
20 - 25 years	23 Days
25 + years	24 Days

Employees holding Administrator (MPP) classified positions (e.g., Executive Director, Associate Executive Director, or other Director position) will earn vacation at the rate of 24 days per year, independent of length of service.

Unused vacation leave will be paid at the time of termination. Total accrued leave liability at June 30, 2018, was \$314,172.

*Post-Retirement Benefits*

In accordance with the Financial Accounting Standards Board FASB ASC 715-60 (formerly SFAS No. 106), Employers’ Accounting for Post-Retirement Benefits Other Than Pensions, Associated Students, Inc.’s post-retirement benefits other than pensions are to be accrued when earned rather than when paid.

*Deferred Revenue*

Deferred Revenue consists of advance payments for various ASI programs including enrollments in child care, summer programming, memberships, leases, and Campus endowment payouts designated for the next fiscal year.

*Contracts Payable*

Contracts payable consists of amount due to the California Department of Education (CDE) per their review of the year end attendance and fiscal report and other contract amounts received in excess of balances earned.

**ASSOCIATED STUDENTS, INC.**  
**CALIFORNIA POLYTECHNIC STATE UNIVERSITY, SAN LUIS OBISPO**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2018**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued**

*Accounting for Contributions*

Contributions, including unconditional promises to give, are recognized when received. All contributions are reported as increases in unrestricted net assets unless use of the contributed assets is specifically restricted by the donor. Amounts received that are restricted by the donor to use in future periods or for specific purposes are reported as increases in either temporarily restricted or permanently restricted net assets, consistent with the nature of the restriction. Unconditional promises with payments due in future years have an implied restriction to be used in the year the payment is due, and therefore are reported as temporarily restricted until the payment is due unless the contribution is clearly intended to support activities of the current fiscal year or is received with permanent restrictions. Conditional promises, such as matching grants, are not recognized until they become unconditional, that is, until all conditions on which they depend are substantially met.

*Contributed Goods and Services*

Contributions of goods received that are measurable are recorded as revenue at their estimated fair value when received. Contributions of services are recognized if the services received meet any of these criteria: (1) if they create or enhance nonfinancial assets and (2) if they require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation.

Associated Students, Inc. may receive donated services from a variety of unpaid volunteers. No amounts have been recognized in the accompanying statement of activities because the criteria for recognition under Financial Accounting Standards Board FASB ASC 958-605-50-1 have not been satisfied.

*Government Revenue*

Government revenue is recognized when the qualifying costs are incurred for cost-reimbursement grants or contracts or when a unit of service is provided for performance grants. Government revenue from federal agencies is subject to independent audit under the Uniform Guidance and review by grantor agencies. The review could result in the disallowance of expenditures under the terms of the grant or reductions of future grant funds. Based on prior experience, Associated Students, Inc.'s management believes that costs ultimately disallowed, if any, would not materially affect the financial position of Associated Students, Inc.

*Revenue Recognition*

Revenues from government agencies, student fees, operational fees for services provided under such contracts are recognized when earned by Associated Students, Inc.'s. All gifts, bequests, and other public support are included in unrestricted net assets unless specifically restricted by the donor or the terms of the gift or grant instrument. Amounts received in excess of balances earned are recognized as liabilities.

Revenue received where the restriction is met in the same fiscal year is reported under unrestricted net assets.

**ASSOCIATED STUDENTS, INC.**  
**CALIFORNIA POLYTECHNIC STATE UNIVERSITY, SAN LUIS OBISPO**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2018**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued**

*Income Taxes*

Associated Students, Inc. is exempt from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code and California income taxes under section 23701(d) of the California Revenue and Taxation Code. The IRS classified the organization as one that is not a private foundation within the meaning of section 509(a) of the Code because it is an organization described in section(s) 509(a)(1) and 170(b)(1)(A)(vi).

Associated Students, Inc. has adopted Financial Accounting Standards Board Accounting Standards Codification (ASC) Section 740-10, which clarifies the accounting for uncertainty in income taxes. ASC Section 740-10 prescribes a recognition threshold and measurement attribute for the financial statement recognition and *measurement of a tax position taken or expected to be taken in a tax return*. ASC Section 740-10 requires that an organization recognize in the financial statements the impact of the tax position if that position will more likely than not be sustained on audit, based on the technical merits of the position. As of and for the year ended June 30, 2018, Associated Students, Inc. had no material unrecognized tax benefits, tax penalties or interest.

Associated Students, Inc.'s Forms 990, *Return of Organization Exempt from Income Tax*, for each of the tax years ended June 30, 2017, 2016, and 2015, are subject to examination by the IRS, generally for 3 years after they were filed.

*Functional Expenses*

Expenses are charged directly to program, activity or administration in general categories based on specific identification. Indirect expenses have been allocated based on salary, square footage and terminal port calculations.

*Use of Estimates*

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of revenues and expenses during the reporting period and the reported amounts of assets and liabilities at the date of the financial statements. On an ongoing basis, Associated Students, Inc.'s management evaluates the estimates and assumptions based upon historical experience and various other factors and circumstances. Associated Students, Inc.'s management believes that the estimates and assumptions are reasonable in the circumstances; however, the actual results could differ from those estimates.

*Comparative Totals*

The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with Associated Students, Inc.'s financial statements for the year ended June 30, 2017 from which the summarized information was derived.

**ASSOCIATED STUDENTS, INC.**  
**CALIFORNIA POLYTECHNIC STATE UNIVERSITY, SAN LUIS OBISPO**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2018**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued**

*Reclassifications*

Certain amounts in the 2017 comparative totals have been reclassified to conform with the 2018 reporting format.

*Fair Value Measurements*

Associated Students, Inc. reports its fair value measures using a three-level hierarchy that prioritizes the inputs used to measure fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal or most advantageous market at the measurement date under current market conditions regardless of whether that price is directly observable or estimated using another valuation technique. Inputs used to determine fair value refer broadly to the assumptions that market participants would use in pricing the asset or liability including assumptions about risk. Inputs may be observable or unobservable. Observable inputs are inputs that reflect the assumptions market participants would use in pricing the asset or liability based on market data obtained from sources independent of the reporting entity. Unobservable inputs are inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset or liability based on the best information available. This hierarchy, established by GAAP, requires that entities maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The three levels of inputs used to measure fair value are as follows:

- *Level 1* - Quoted prices for identical assets or liabilities in active markets to which Associated Students, Inc. has access on the measurement date.
- *Level 2* - Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include:
  - quoted prices for similar assets or liabilities in active markets;
  - quoted prices for identical or similar assets in markets that are not active;
  - observable inputs other than quoted prices for the asset or liability (for example, interest rates and yield curves); and
  - inputs derived principally from, or corroborated by, observable market data by correlation or by other means.
- *Level 3* - Unobservable inputs for the asset or liability. Unobservable inputs should be used to measure the fair value to the extent that observable inputs are not available.
- *NAV* - Net asset value (NAV) is the value of a fund's asset less the value of its liabilities per unit.

The carrying amounts of cash and cash equivalents and accounts receivable approximate fair value because of the terms and relatively short maturity of these financial instruments.

The carrying amounts of liabilities, approximate fair value because of the relatively short maturity of these financial instruments.

When available, Associated Students, Inc. measures fair value using Level 1 inputs because they generally provide the most reliable evidence of fair value.

**ASSOCIATED STUDENTS, INC.**  
**CALIFORNIA POLYTECHNIC STATE UNIVERSITY, SAN LUIS OBISPO**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2018**  
**(CONTINUED)**

**3. CASH AND CASH EQUIVALENTS**

Cash consists of checking and savings accounts. The majority of the savings account is invested in the California Polytechnic State University Trust (CSU Consolidated Investment Pool). Of this amount, \$1,596,900 is held in custody for student organizations and certain campus programs. Interest earned on amounts held in custody for student organizations and campus programs is allocated to the respective organizations.

Associated Students, Inc. maintains cash balances at one financial institution located in Central California. The depository balance of this account at June 30, 2018 is \$223,982. Of the depository balance, up to \$250,000 was covered by Federal Depository Insurance.

The estimated fair values of Associated Students, Inc.'s cash and cash equivalents, none of which are held for trading purposes, approximates its carrying value.

**4. PROPERTY AND EQUIPMENT, NET**

Property, plant and equipment consist of the following:

	June 30, 2018
Buildings & Building Improvements	\$ 3,476,656
Equipment, Furniture and Fixtures	2,108,987
Work in Progress	103,224
	5,688,867
Less: Accumulated Depreciation	(4,425,391)
Total	\$ 1,263,476

Depreciation expense for the year ended June 30, 2018 was \$223,469.

**ASSOCIATED STUDENTS, INC.**  
**CALIFORNIA POLYTECHNIC STATE UNIVERSITY, SAN LUIS OBISPO**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2018**  
**(CONTINUED)**

**5. INVESTMENTS**

Associated Students, Inc. measures fair value in accordance with FASB ASC 820-10. FASB ASC 820-10 establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. This hierarchy consists of three broad levels; Level 1 inputs consist of unadjusted quoted prices in active markets for identical assets and have the highest priority, Level 2 inputs, other than the quoted prices in active markets, are observable either directly or indirectly, and Level 3 unobservable inputs in which there is little or no market data, which requires Associated Students, Inc. to develop its own assumptions. Associated Students, Inc. uses appropriate valuation techniques based on the available inputs to measure the fair value of its investments. When available, Associated Students, Inc. measures fair value using Level 1 inputs because they generally provide the most reliable evidence of fair value. Level 3 inputs are only used when Level 1 or Level 2 inputs are not available. All assets reported at fair value at June 30, 2018, are Level 1, Level 2, and NAV inputs.

Short-term investments represent a portion of funds held by the Campus on behalf of Associated Students, Inc. which are redeemable in cash in accordance with Campus Policies. The Campus, in turn, holds the funds in the CSU Consolidated Investment Pool.

	Fair Value Measurements Using				Total
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Net Asset Value (NAV)	
Corporate Bonds	\$ -	\$ 1,523,968	\$ -	\$ -	\$ 1,523,968
Certificates of Deposit	-	269,192	-	-	269,192
Money Market Funds	-	-	-	13,003	13,003
Repurchase Agreement	-	13,617	-	-	13,617
Asset Backed Securities	-	389,838	-	-	389,838
Mortgage Backed Securities	-	359	-	-	359
Municipal Bonds	-	69,037	-	-	69,037
Mutual Funds	-	170,294	-	-	170,294
US Agency Securities	-	1,573,487	-	-	1,573,487
US Treasury Securities	-	<u>1,330,925</u>	-	-	<u>1,330,925</u>
Total Investments	<u>\$ -</u>	<u>\$ 5,340,717</u>	<u>\$ -</u>	<u>\$ 13,003</u>	<u>\$ 5,353,720</u>

The composition of the investment return reported in the statement of activities as follows:

Investment income	<u>\$ 56,172</u>
Total investment return	<u>\$ 56,172</u>

**ASSOCIATED STUDENTS, INC.  
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NOTES TO FINANCIAL STATEMENTS  
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(CONTINUED)**

**6. RELATED PARTY TRANSACTIONS**

Related party receivables consist of the following:

	<u>June 30, 2018</u>
California Polytechnic State University	\$ 81,927
Cal Poly Corporation	<u>8,891</u>
Total	<u>\$ 90,818</u>

Associated Students, Inc. considers related party receivables to be fully collectible; accordingly, no allowance for doubtful accounts has been established.

Related party payables consist of the following:

	<u>June 30, 2018</u>
California Polytechnic State University	\$ 159,263
Cal Poly Corporation	<u>39,741</u>
Total	<u>\$ 199,004</u>

*Business Services Agreement*

On May 31, 1995, Associated Students, Inc., entered into an agreement with California Polytechnic Corporation (previously California Polytechnic State University Foundation) to provide business services to Associated Students, Inc., and the University Union, a related entity. This agreement was extended through June 30, 2014. Effective July 1, 2014, Associated Students, Inc. entered into an additional extension to the existing agreement through June 30, 2019. The future minimum payments under this agreement for the periods ended June 30, are as follows:

2018/19	<u>\$ 336,463</u>
Total	<u>\$ 336,463</u>

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**(CONTINUED)**

**7. EMPLOYEE BENEFITS**

*Defined Benefit Pension Plan*

*Description*

Associated Students, Inc. contributes to the Public Employees' Retirement System of the State of California (PERS), an agent multiple-employer public employee retirement system that acts as a common investment and administrative agent for participating public agencies in California.

PERS issues a separate comprehensive annual financial report that includes financial statements and required supplementary information. Copies of the PERS annual financial report may be obtained from the PERS Executive Office, 400 P Street, Sacramento, California 95814.

All full-time employees are eligible to participate in PERS. Benefits vest after five years of service.

*Securities of Associated Students, Inc. Included in Fund Assets*

As of June 30, 2018, no securities of Associated Students, Inc. or related parties are included in PERS assets.

*Funding Policy*

Active plan members are required to contribute a portion of their adjusted salary to PERS and Associated Students, Inc. is required to contribute an actuarially determined rate. The actuarial methods and assumptions used for determining the rate are those adopted by the PERS Board of Administration. Significant actuarial assumptions used to compute the PERS pension benefit obligation includes an actuarial interest rate of 7.375% per annum and varying projected salary increases based on duration of service and including a 2.75% for inflation factor.

The total active plan members pension contribution for June 30, 2018 was \$436,699.

*Actuarially Determined Contribution Requirements and Contribution Made*

PERS uses the Entry Age Normal Actuarial Cost Method which is a projected benefit cost method. That is, it takes into account those benefits that are expected to be earned in the future as well as those already accrued.

According to this cost method, the normal cost for an employee is the level amount, which would fund the projected benefit if it were paid annually from date of employment until retirement. PERS uses a modification of the Entry Age Cost Method in which the employer's total normal cost is expressed as a level percentage of payroll. PERS also uses the level percentage of payroll method to amortize any unfunded actuarial liabilities.

The significant actuarial assumptions used to compute the actuarially determined contribution requirement were determined based on an actuarial valuation performed as of June 30, 2016.

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**7. EMPLOYEE BENEFITS - Continued**

Associated Students, Inc.'s plan is part of the 2% at 55 Risk Pool, as well as the 2% at 60 Risk Pool and the 2% at 62 Risk Pool. Each of these separate pools are cost-sharing multiple-employer defined benefits plans. Benefits for eligible employees hired before June 4, 2011 will be administered as part of the 2% at 55 Risk Pool plan, while benefits for eligible employees hired after June 4, 2011 will be administered as part of the 2% at 60 Risk Pool and employees hired on or after January 1, 2013 will be administered as part of the 2% at 62 Risk Pool. The disclosures below do not relate to newly issued Financial Accounting Standards Board FASB ASC 715 & 958 (formerly FASB 158) *Employers' Accounting for Defined Benefit Pension and Other Retirement Plans* because such guidance is not applicable to multiple-employer defined benefit plans.

The Funding History below shows the actuarial accrued liability, the plan's share of the pool's market value of assets, plan's share of the pool's unfunded liability, funded ratio and the annual covered payroll for the 2% at 55 Risk Pool, as of June 30, 2016, the most recent actuarial study:

Valuation Date	Accrued Liability (AL)	Share of Pool's Market Value of Assets (MVA)	Share of Pool's Market Value of Assets (MVA)	Funded Ratio	Annual Covered Payroll
06/30/2014	18,578,495	14,936,291	3,642,204	80.4%	2,786,399
06/30/2015	19,956,150	15,494,090	4,462,060	77.6%	2,822,990
06/30/2016	21,392,229	15,565,562	5,826,667	72.8%	2,762,429

The Funding History below shows the actuarial accrued liability, the plan's share of the pool's market value of assets, plan's share of the pool's unfunded liability, funded ratio and the annual covered payroll for the 2% at 60 Risk Pool, as of June 30, 2016, the most recent actuarial study:

Valuation Date	Accrued Liability (AL)	Share of Pool's Market Value of Assets (MVA)	Share of Pool's Market Value of Assets (MVA)	Funded Ratio	Annual Covered Payroll
06/30/2014	184,742	177,087	7,655	95.9%	386,829
06/30/2015	251,401	236,892	14,509	94.2%	365,297
06/30/2016	347,501	305,827	41,674	88.0%	366,991

The Funding History below shows the actuarial accrued liability, the plan's share of the pool's market value of assets, plan's share of the pool's unfunded liability, funded ratio and the annual covered payroll for the 2% at 62 Risk Pool, as of June 30, 2016, the most recent actuarial study:

Valuation Date	Accrued Liability (AL)	Share of Pool's Market Value of Assets (MVA)	Share of Pool's Market Value of Assets (MVA)	Funded Ratio	Annual Covered Payroll
06/30/2014	18,016	19,203	(1,187)	106.6%	326,770
06/30/2015	61,671	58,311	3,360	94.6%	491,288
06/30/2016	152,011	135,756	16,255	89.3%	659,822

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**7. EMPLOYEE BENEFITS - Continued**

*Post-Retirement Benefits Other Than Pension Benefits - Health*

In addition to the pension benefits described, Associated Students, Inc. provides post-retirement health care benefits to all eligible employees.

Employees hired on or prior to June 1, 2011 who retire from Associated Students, Inc. on or after attaining age 50 with at least 5 years of CalPERS service credits are eligible to receive 100% of the active employees' monthly health contribution.

Employees hired after June 1, 2011 who retire from Associated Students, Inc. on or after attaining the age of 50 with at least 10 years of CalPERS service credits (with a minimum of 5 years of service with ASI) are eligible for 50% of the active employees' monthly health contribution. Retirees in this category receive an additional 5% credit toward the active employees' monthly health contribution for each additional year of service until they reach the maximum vesting schedule of 20 years. Once an employee reaches 20 years of service (with a minimum of 5 years of service with ASI), the retiree is eligible to receive 100% of the active employees' health contribution.

These health care benefits continue for life.

The plan's funding method is the pro-rata unit credit method. The accumulated plan benefit obligation at June 30, 2018 is \$14,636,226.

Plan expense is as follows:

	<u>June 30, 2018</u>
Current Service Cost	\$ 643,412
Interest	577,989
Expected return on plan assets	(898,333)
Amortization	<u>290,087</u>
Total	<u><u>\$ 613,155</u></u>

**ASSOCIATED STUDENTS, INC.**  
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**7. EMPLOYEE BENEFITS - Continued**

*Post-Retirement Benefits Disclosure*

Obligations and Funded Status at June 30, 2018 consists of the following:

Benefit obligation:	
Amendments	\$ N/A
Benefits paid	332,077
Benefit obligation at end of year	14,636,226
Plan assets	
Employer contribution	832,993
Plan participants' contributions	-
Fair value of plan assets at end of year	13,788,600
Funded status	
Funded status at end of year	(847,626)
Unrecognized net transition obligation	-
Unrecognized prior service costs	-
Unrecognized net actuarial (gain)/loss	4,441,442
Prepaid (accrued) benefit cost	3,593,816
Measurement date	June 30, 2018
Assumptions	
Weighted-average assumptions used to determine benefit obligations at June 30, 2018	
Discount rate	4.25%
Expected long-term return on plan assets	7.00%
Rate of compensation increase	N/A
Initial health care cost trend rate assumed for next year (pre-Medicare)	8.00%
Initial health care cost trend rate assumed for next year (Medicare)	5.50%
Expected retiree payments over the next 10 years:	
2018/19	363,279
2019/20	410,548
2020/21	426,397
2021/22	434,183
2022/23	435,824
Thereafter – Next 5 years	2,839,620

Associated Students, Inc. participates in and contributed \$832,993 to the Auxiliary Multiple Employer VEBA, a multiple employer VEBA for auxiliaries of the California State University System.

**ASSOCIATED STUDENTS, INC.**  
**CALIFORNIA POLYTECHNIC STATE UNIVERSITY, SAN LUIS OBISPO**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2018**  
**(CONTINUED)**

**8. FUNDS HELD FOR OTHERS**

Funds held for others at year end were \$1,596,900 and are held in custody for student organizations and certain campus programs. (Note 3)

**9. OPERATING LEASES**

Total rental expense for the year ended June 30, 2018 was \$19,134 of which \$12,025 was for leases. The following table summarizes the minimum future equipment rental fees payable under these noncancellable leases for the periods ending June 30:

<u>Year Ended June 30.</u>	<u>Amount</u>
2019	\$ 8,039
2020	6,647
2021	2,941
2022	1,874
2023	<u>156</u>
Total	<u>\$ 19,657</u>

**10. COMMITMENTS AND CONTINGENCIES**

Associated Students, Inc. has received state and federal funds for specific purposes that are subject to review and audit by the grantor agencies. Although such audits could generate expenditure disallowance under terms of the contracts, it is believed that any required reimbursements will not be material.

**ASSOCIATED STUDENTS, INC.**  
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**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2018**  
**(CONTINUED)**

**11. CONCENTRATION RISK**

The majority of Associated Students, Inc.'s contributions and grants are received from corporations, foundations, and individuals located in the greater San Luis Obispo metropolitan area and from agencies of the state of California and San Luis Obispo County. As such, Associated Students, Inc.'s ability to generate resources via contributions and grants is dependent upon the economic health of that area and of the state of California. An economic downturn could cause a decrease in contributions and grants that coincides with an increase in demand for Associated Students, Inc.'s services.

Associated Students, Inc.'s investments are subject to various risks, such as interest rate, credit, and overall market volatility risks. Further, because of the significance of the investments to Associated Students, Inc.'s financial position and the level of risk inherent in most investments, it is reasonably possible that changes in the values of these investments could occur in the near term and such changes could materially affect the amounts reported in the financial statements. Management is of the opinion that the diversification of its invested assets among the various asset classes should mitigate the impact of changes in any one class.

**12. SUBSEQUENT EVENTS**

Associated Students, Inc. has evaluated events subsequent to June 30, 2018, to assess the need for potential recognition or disclosure in the financial statements. Such events were evaluated through September 12, 2018, the date the financial statements were available to be issued. Events occurring after that date have not been evaluated to determine whether a change in the financial statements would be required. Based upon this evaluation, it was determined that no subsequent events occurred that require recognition or additional disclosure in the financial statements.

**SUPPLEMENTARY INFORMATION**

**UNIVERSITY UNION**  
**CALIFORNIA POLYTECHNIC STATE UNIVERSITY, SAN LUIS OBISPO**  
**SCHEDULE OF FINANCIAL POSITION**  
**JUNE 30, 2018**  
**(WITH COMPARATIVE TOTALS FOR 2017)**

	<u>2018</u>	<u>2017</u>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 2,100	\$ 1,900
Accounts receivable	13,153	1,415
Investments	292,544	349,019
Deposits and prepaid expenses	33,202	30,297
Inventory	50,635	51,778
Related party receivables	86,292	18,920
Property and equipment, net	<u>794,266</u>	<u>698,873</u>
Total assets	<u>\$ 1,272,192</u>	<u>\$ 1,152,202</u>
<b>LIABILITIES</b>		
Accounts payable and accrued expenses	\$ 196,313	\$ 206,648
Accrued payable and related liabilities	312,511	272,887
Related party payables	166,250	188,275
Post-retirement benefit payable	505,355	33,215
Deferred revenue	<u>91,763</u>	<u>74,833</u>
Total liabilities	1,272,192	775,858
<b>NET ASSETS</b>		
Unrestricted	<u>-</u>	<u>376,344</u>
Total net assets	<u>-</u>	<u>376,344</u>
Total liabilities and net assets	<u>\$ 1,272,192</u>	<u>\$ 1,152,202</u>

**UNIVERSITY UNION**  
**CALIFORNIA POLYTECHNIC STATE UNIVERSITY, SAN LUIS OBISPO**  
**SCHEDULE OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2018**  
**(WITH COMPARATIVE TOTALS FOR 2017)**

	<u>2018</u>	<u>2017</u>
<b>REVENUES</b>		
Operating revenue from student activity fees	\$ 7,531,604	\$ 6,656,925
Revenue from operations	1,245,651	1,176,648
Contributions and grants	238	5
Related party reimbursements	1,033,216	975,702
Investment income	14,380	12,307
Other income	63,010	42,917
Rental income	273,501	260,973
Gain (loss) on sale of fixed assets	-	(4,139)
Contract settlements	<u>(19,602)</u>	<u>(1,444)</u>
 Total revenues	 10,141,998	 9,119,894
 <b>EXPENSES</b>		
Personnel costs	7,619,746	5,989,656
Insurance	152,756	142,876
Utilities	646,602	610,178
Depreciation	162,793	145,506
Operation and maintenance of plant	634,965	690,885
Other program and service costs	<u>1,301,480</u>	<u>1,238,678</u>
 Total expenses	 <u>10,518,342</u>	 <u>8,817,779</u>
 <b>CHANGE IN NET ASSETS</b>	 (376,344)	 302,115
 <b>NET ASSETS - beginning of year</b>	 <u>376,344</u>	 <u>74,229</u>
 <b>NET ASSETS - end of year</b>	 <u>\$ -</u>	 <u>\$ 376,344</u>

**ASSOCIATED STUDENTS, INC.**  
**CALIFORNIA POLYTECHNIC STATE UNIVERSITY, SAN LUIS OBISPO**  
**GASB SCHEDULE OF NET POSITION**  
**JUNE 30, 2018**

Assets:	
Current assets:	
Cash and cash equivalents	\$ 227,182
Short-term investments	5,353,720
Accounts receivable, net	213,587
Capital lease receivable, current portion	—
Notes receivable, current portion	—
Pledges receivable, net	—
Prepaid expenses and other current assets	87,028
Total current assets	5,881,517
Noncurrent assets:	
Restricted cash and cash equivalents	—
Accounts receivable, net	—
Capital lease receivable, net of current portion	—
Notes receivable, net of current portion	—
Student loans receivable, net	—
Pledges receivable, net	—
Endowment investments	—
Other long-term investments	—
Capital assets, net	1,263,476
Other assets	—
Total noncurrent assets	1,263,476
Total assets	7,144,993
Deferred outflows of resources:	
Unamortized loss on debt refunding	—
Net pension liability	—
Net OPEB liability	—
Others	—
Total deferred outflows of resources	—
Liabilities:	
Current liabilities:	
Accounts payable	356,446
Accrued salaries and benefits	219,882
Accrued compensated absences, current portion	314,172
Unearned revenues	325,558
Capital lease obligations, current portion	—
Long-term debt obligations, current portion	—
Claims liability for losses and loss adjustment expenses, current portion	—
Depository accounts	1,596,900
Other liabilities	200,160
Total current liabilities	3,013,118
Noncurrent liabilities:	
Accrued compensated absences, net of current portion	—
Unearned revenues	—
Grants refundable	—
Capital lease obligations, net of current portion	—
Long-term debt obligations, net of current portion	—
Claims liability for losses and loss adjustment expenses, net of current portion	—
Depository accounts	—
Net other postemployment benefits liability	847,626
Net pension liability	—
Other liabilities	—
Total noncurrent liabilities	847,626
Total liabilities	3,860,744
Deferred inflows of resources:	
Service concession arrangements	—
Net pension liability	—
Net OPEB liability	—
Unamortized gain on debt refunding	—
Nonexchange transactions	—
Others	—
Total deferred inflows of resources	—
Net Position:	
Net investment in capital assets	1,263,476
Restricted for:	
Nonexpendable – endowments	—
Expendable:	
Scholarships and fellowships	—
Research	—
Loans	—
Capital projects	—
Debt service	—
Others	—
Unrestricted	2,020,773
Total net position	\$ 3,284,249

**ASSOCIATED STUDENTS, INC.**  
**CALIFORNIA POLYTECHNIC STATE UNIVERSITY, SAN LUIS OBISPO**  
**GASB SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET POSITION**  
**FOR THE YEAR ENDED JUNE 30, 2018**

Revenues:	
Operating revenues:	
Student tuition and fees, gross	\$ 7,037,431
Scholarship allowances (enter as negative)	—
Grants and contracts, noncapital:	
Federal	30,574
State	157,000
Local	—
Nongovernmental	367,631
Sales and services of educational activities	—
Sales and services of auxiliary enterprises, gross	—
Scholarship allowances (enter as negative)	—
Other operating revenues	10,370,397
Total operating revenues	<u>17,963,033</u>
Expenses:	
Operating expenses:	
Instruction	—
Research	—
Public service	—
Academic support	—
Student services	14,103,629
Institutional support	—
Operation and maintenance of plant	4,436,568
Student grants and scholarships	—
Auxiliary enterprise expenses	—
Depreciation and amortization	223,469
Total operating expenses	<u>18,763,666</u>
Operating income (loss)	<u>(800,633)</u>
Nonoperating revenues (expenses):	
State appropriations, noncapital	—
Federal financial aid grants, noncapital	—
State financial aid grants, noncapital	—
Local financial aid grants, noncapital	—
Nongovernmental and other financial aid grants, noncapital	—
Other federal nonoperating grants, noncapital	—
Gifts, noncapital	3,389
Investment income (loss), net	56,172
Endowment income (loss), net	—
Interest expense	—
Other nonoperating revenues (expenses) - excl. interagency transfers	—
Other nonoperating revenues (expenses) - interagency transfers	—
Net nonoperating revenues (expenses)	<u>59,561</u>
Income (loss) before other revenues (expenses)	(741,072)
State appropriations, capital	—
Grants and gifts, capital	—
Additions (reductions) to permanent endowments	—
Increase (decrease) in net position	(741,072)
Net position:	
Net position at beginning of year, as previously reported	4,025,321
Restatements	—
Net position at beginning of year, as restated	<u>4,025,321</u>
Net position at end of year	<u>\$ 3,284,249</u>

**ASSOCIATED STUDENTS, INC.**  
**CALIFORNIA POLYTECHNIC STATE UNIVERSITY, SAN LUIS OBISPO**  
**OTHER INFORMATION**  
**FOR THE YEAR ENDED JUNE 30, 2018**

**1 Restricted cash and cash equivalents at June 30, 2018:**

Portion of restricted cash and cash equivalents related to endowments	\$	—
All other restricted cash and cash equivalents		<u>—</u>
Total restricted cash and cash equivalents	\$	<u>—</u>

**ASSOCIATED STUDENTS, INC.**  
**CALIFORNIA POLYTECHNIC STATE UNIVERSITY, SAN LUIS OBISPO**  
**OTHER INFORMATION**  
**FOR THE YEAR ENDED JUNE 30, 2018**  
**(CONTINUED)**

**2.1 Composition of investments at June 30, 2018:**

	Current Unrestricted	Current Restricted	Total Current	Noncurrent Unrestricted	Noncurrent Restricted	Total Noncurrent	Total
State of California Surplus Money Investment Fund (SMIF)	\$ —	—	—	—	—	—	—
State of California Local Agency Investment Fund (LAIF)	—	—	—	—	—	—	—
Corporate bonds	1,523,968	—	1,523,968	—	—	—	1,523,968
Certificates of deposit	269,192	—	269,192	—	—	—	269,192
Mutual funds	170,294	—	170,294	—	—	—	170,294
Money Market funds	13,003	—	13,003	—	—	—	13,003
Repurchase agreements	13,617	—	13,617	—	—	—	13,617
Commercial paper	—	—	—	—	—	—	—
Asset backed securities	389,838	—	389,838	—	—	—	389,838
Mortgage backed securities	359	—	359	—	—	—	359
Municipal bonds	69,037	—	69,037	—	—	—	69,037
U.S. agency securities	1,573,487	—	1,573,487	—	—	—	1,573,487
U.S. treasury securities	1,330,925	—	1,330,925	—	—	—	1,330,925
Equity securities	—	—	—	—	—	—	—
Exchange traded funds (ETFs)	—	—	—	—	—	—	—
Alternative investments:							
Private equity (including limited partnerships)	—	—	—	—	—	—	—
Hedge funds	—	—	—	—	—	—	—
Managed futures	—	—	—	—	—	—	—
Real estate investments (including REITs)	—	—	—	—	—	—	—
Commodities	—	—	—	—	—	—	—
Derivatives	—	—	—	—	—	—	—
Other alternative investment types	—	—	—	—	—	—	—
Other external investment pools (excluding SWIFT)							
None	—	—	—	—	—	—	—
Other major investments:							
None	—	—	—	—	—	—	—
Total investments	<u>5,353,720</u>	<u>—</u>	<u>5,353,720</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>5,353,720</u>
Less endowment investments (enter as negative number)				—	—	—	—
Total investments	<u>5,353,720</u>	<u>—</u>	<u>5,353,720</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>5,353,720</u>

**ASSOCIATED STUDENTS, INC.**  
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**OTHER INFORMATION**  
**FOR THE YEAR ENDED JUNE 30, 2018**  
**(CONTINUED)**

<b>2.2 Investments held by the University under contractual agreements at June 30, 2018:</b>							
Portion of investments in note 2.1 held by the University under contractual agreements at June 30, 2018 :	5,353,720	—	5,353,720	—	—	—	5,353,720
<b>2.3 Restricted current investments at June 30, 2018 related to:</b>	<u>Amount</u>						
None	—						
<b>Total restricted current investments at June 30, 2018</b>	\$ —						
<b>2.4 Restricted noncurrent investments at June 30, 2018 related to:</b>	<u>Amount</u>						
Endowment investment	\$ —						
Scholarships	—						
Inflation reserves	—						
University projects	—						
<b>Total restricted noncurrent investments at June 30, 2018</b>	\$ —						

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**2.5 Fair value hierarchy in investments at June 30, 2018:**

	Total	Fair Value Measurements Using			Net Asset Value (NAV)
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	
State of California Surplus Money Investment Fund (SMIF)	\$ —	—	—	—	—
State of California Local Agency Investment Fund (LAIF)	—	—	—	—	—
Corporate bonds	1,523,968	—	1,523,968	—	—
Certificates of deposit	269,192	—	269,192	—	—
Mutual funds	170,294	—	170,294	—	—
Money Market funds	13,003	—	—	—	13,003
Repurchase agreements	13,617	—	13,617	—	—
Commercial paper	—	—	—	—	—
Asset backed securities	389,838	—	389,838	—	—
Mortgage backed securities	359	—	359	—	—
Municipal bonds	69,037	—	69,037	—	—
U.S. agency securities	1,573,487	—	1,573,487	—	—
U.S. treasury securities	1,330,925	—	1,330,925	—	—
Equity securities	—	—	—	—	—
Exchange traded funds (ETFs)	—	—	—	—	—
Alternative investments:					
Private equity (including limited partnerships)	—	—	—	—	—
Hedge funds	—	—	—	—	—
Managed futures	—	—	—	—	—
Real estate investments (including REITs)	—	—	—	—	—
Commodities	—	—	—	—	—
Derivatives	—	—	—	—	—
Other alternative investment types	—	—	—	—	—
Other external investment pools (excluding SWIFT)					
None	—	—	—	—	—
Other major investments:					
None	—	—	—	—	—
<b>Total investments</b>	<b>5,353,720</b>	<b>—</b>	<b>5,340,717</b>	<b>—</b>	<b>13,003</b>

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**3.1 Composition of capital assets at June 30, 2018:**

	Balance June 30, 2017	Prior period Adjustments	Reclassifications	Balance June 30, 2017 (restated)	Additions	Reductions	Transfers of Completed CWIP	Balance June 30, 2018
Nondepreciable/nonamortizable capital assets:								
Land and land improvements	\$ —	—	—	—	—	—	—	—
Works of art and historical treasures	—	—	—	—	—	—	—	—
Construction work in progress (CWIP)	112,937	—	—	112,937	90,263	—	(99,976)	103,224
Intangible assets:								
Rights and easements	—	—	—	—	—	—	—	—
Patents, copyrights and trademarks	—	—	—	—	—	—	—	—
Internally generated intangible assets in progress	—	—	—	—	—	—	—	—
Licenses and permits	—	—	—	—	—	—	—	—
Other intangible assets:								
None	—	—	—	—	—	—	—	—
Total intangible assets	—	—	—	—	—	—	—	—
Total nondepreciable/nonamortizable capital assets	112,937	—	—	112,937	90,263	—	(99,976)	103,224
Depreciable/amortizable capital assets:								
Buildings and building improvements	3,343,998	—	—	3,343,998	32,682	—	99,976	3,476,656
Improvements, other than buildings	—	—	—	—	—	—	—	—
Infrastructure	—	—	—	—	—	—	—	—
Leasehold improvements	—	—	—	—	—	—	—	—
Personal property:								
Equipment	2,077,883	—	—	2,077,883	140,421	(109,317)	—	2,108,987
Library books and materials	—	—	—	—	—	—	—	—
Intangible assets:								
Software and websites	—	—	—	—	—	—	—	—
Rights and easements	—	—	—	—	—	—	—	—
Patents, copyright and trademarks	—	—	—	—	—	—	—	—
Licenses and permits	—	—	—	—	—	—	—	—
Other intangible assets:								
None	—	—	—	—	—	—	—	—
Total intangible assets	—	—	—	—	—	—	—	—
Total depreciable/amortizable capital assets	5,421,881	—	—	5,421,881	173,103	(109,317)	99,976	5,585,643
Total capital assets	5,534,818	—	—	5,534,818	263,366	(109,317)	—	5,688,867
Less accumulated depreciation/amortization:								
Buildings and building improvements	(2,692,699)	—	—	(2,692,699)	(93,824)	—	—	(2,786,523)
Improvements, other than buildings	—	—	—	—	—	—	—	—
Infrastructure	—	—	—	—	—	—	—	—
Leasehold improvements	—	—	—	—	—	—	—	—
Personal property:								
Equipment	(1,618,540)	—	—	(1,618,540)	(129,645)	109,317	—	(1,638,868)
Library books and materials	—	—	—	—	—	—	—	—
Intangible assets:								
Software and websites	—	—	—	—	—	—	—	—
Rights and easements	—	—	—	—	—	—	—	—
Patents, copyright and trademarks	—	—	—	—	—	—	—	—
Licenses and permits	—	—	—	—	—	—	—	—
Other intangible assets:								
None	—	—	—	—	—	—	—	—
Total intangible assets	—	—	—	—	—	—	—	—
Total accumulated depreciation/amortization	(4,311,239)	—	—	(4,311,239)	(223,469)	109,317	—	(4,425,391)
Total capital assets, net	\$ 1,223,579	—	—	1,223,579	39,897	—	—	1,263,476

**3.2 Detail of depreciation and amortization expense for the year ended June 30, 2018:**

Depreciation and amortization expense related to capital assets	\$ 223,469
Amortization expense related to other assets	—
Total depreciation and amortization	\$ 223,469

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**4 Long-term liabilities activity schedule:**

	Balance June 30, 2017	Prior period adjustments	Reclassifications	Balance June 30, 2017 (restated)	Additions	Reductions	Balance June 30, 2018	Current portion	Long-term portion
Accrued compensated absences	\$ 271,286	—	—	271,286	354,296	(311,410)	314,172	314,172	—
Claims liability for losses and loss adjustment expenses	—	—	—	—	—	—	—	—	—
Capital lease obligations:									
Gross balance	—	—	—	—	—	—	—	—	—
Unamortized premium / (discount) on capital lease obligations	—	—	—	—	—	—	—	—	—
Total capitalized lease obligations	—	—	—	—	—	—	—	—	—
Long-term debt obligations:									
Auxiliary revenue bonds	—	—	—	—	—	—	—	—	—
Commercial paper	—	—	—	—	—	—	—	—	—
Notes payable related to SRB	—	—	—	—	—	—	—	—	—
Others: (list by type)	—	—	—	—	—	—	—	—	—
None	—	—	—	—	—	—	—	—	—
Total long-term debt obligations	—	—	—	—	—	—	—	—	—
Unamortized bond premium / (discount)	—	—	—	—	—	—	—	—	—
Total long-term debt obligations, net	—	—	—	—	—	—	—	—	—
Total long-term liabilities	\$ 271,286	—	—	271,286	354,296	(311,410)	314,172	314,172	—

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5 Future minimum lease payments - Capital lease obligations:

	Capital lease obligations related to SRB			All other capital lease obligations			Total capital lease obligations		
	Principal Only	Interest Only	Principal and Interest	Principal Only	Interest Only	Principal and Interest	Principal Only	Interest Only	Principal and Interest
Year ending June 30:									
2019	—	—	—	—	—	—	—	—	—
2020	—	—	—	—	—	—	—	—	—
2021	—	—	—	—	—	—	—	—	—
2022	—	—	—	—	—	—	—	—	—
2023	—	—	—	—	—	—	—	—	—
2024 - 2028	—	—	—	—	—	—	—	—	—
2029 - 2033	—	—	—	—	—	—	—	—	—
2034 - 2038	—	—	—	—	—	—	—	—	—
2039 - 2043	—	—	—	—	—	—	—	—	—
2044 - 2048	—	—	—	—	—	—	—	—	—
2049 - 2053	—	—	—	—	—	—	—	—	—
2054 - 2058	—	—	—	—	—	—	—	—	—
2059 - 2063	—	—	—	—	—	—	—	—	—
2064 - thereafter	—	—	—	—	—	—	—	—	—
Total minimum lease payments	—	—	—	—	—	—	—	—	—
Less amounts representing interest									—
Present value of future minimum lease payments									—
Unamortized net premium (discount)									—
Total capital lease obligations									—
Less: current portion									—
<b>Capital lease obligation, net of current portion</b>									<b>\$ —</b>

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6 Long-term debt obligations schedule

	Auxiliary revenue bonds			All other long-term debt obligations			Total long-term debt obligations		
	Principal Only	Interest Only	Principal and Interest	Principal Only	Interest Only	Principal and Interest	Principal Only	Interest Only	Principal and Interest
Year ending June 30:									
2019	\$ —	—	—	—	—	—	—	—	—
2020	—	—	—	—	—	—	—	—	—
2021	—	—	—	—	—	—	—	—	—
2022	—	—	—	—	—	—	—	—	—
2023	—	—	—	—	—	—	—	—	—
2024 - 2028	—	—	—	—	—	—	—	—	—
2029 - 2033	—	—	—	—	—	—	—	—	—
2034 - 2038	—	—	—	—	—	—	—	—	—
2039 - 2043	—	—	—	—	—	—	—	—	—
2044 - 2048	—	—	—	—	—	—	—	—	—
2049 - 2053	—	—	—	—	—	—	—	—	—
2054 - 2058	—	—	—	—	—	—	—	—	—
2059 - 2063	—	—	—	—	—	—	—	—	—
2064 - thereafter	—	—	—	—	—	—	—	—	—
Total minimum payments	—	—	—	—	—	—	—	—	—
Less amounts representing interest									—
Present value of future minimum payments									—
Unamortized net premium (discount)									—
Total long-term debt obligations									—
Less: current portion									—
<b>Long-term debt obligations, net of current portion</b>									<b>\$ —</b>

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**7 Calculation of net position**

**7.1 Calculation of net position - Net investment in capital assets**

Capital assets, net of accumulated depreciation	\$	1,263,476
Capital lease obligations, current portion		—
Capital lease obligations, net of current portion		—
Long-term debt obligations, current portion		—
Long-term debt obligations, net of current portion		—
Portion of outstanding debt that is unspent at year-end (enter as positive number)		—
Other adjustments: (please list)		—
None		—
<b>Net position - Net investment in capital assets</b>	<b>\$</b>	<b><u><u>1,263,476</u></u></b>

**7.2 Calculation of net position - Restricted for nonexpendable - endowments**

Portion of restricted cash and cash equivalents related to endowments	\$	—
Endowment investments		—
Other adjustments: (please list)		—
Restricted expendable endowments		—
<b>Net position - Restricted for nonexpendable - endowments</b>	<b>\$</b>	<b><u><u>—</u></u></b>

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**8 Transactions with related entities**

	<b>Amount</b>
Payments to University for salaries of University personnel working on contracts, grants, and other programs	\$ —
Payments to University for other than salaries of University personnel	2,511,336
Payments received from University for services, space, and programs	524,469
Gifts-in-kind to the University from discretely presented component units	—
Gifts (cash or assets) to the University from discretely presented component units	—
Accounts (payable to) University (enter as negative number)	(159,263)
Other amounts (payable to) University (enter as negative number)	—
Accounts receivable from University (enter as positive number)	81,927
Other amounts receivable from University	—

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- 9 Other postemployment benefits (OPEB) liability**  
Intentionally left blank - not required/applicable eff FY17/18

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**10 Pollution remediation liabilities under GASB Statement No. 49:**

<b>Description</b>	<b>Amount</b>
None	\$ —
Total pollution remediation liabilities	\$ —
Less: current portion	—
Pollution remediation liabilities, net of current portion	—

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**11 The nature and amount of the prior period adjustment(s) recorded to beginning net position**

	<b>Net Position Class</b>	<b>Amount Dr. (Cr.)</b>
Net position as of June 30, 2017, as previously reported		\$ 4,025,321
Prior period adjustments:		
1 None		—
Net position as of June 30, 2017, as restated		\$ 4,025,321

**Provide a detailed breakdown of the journal entries (at the financial statement line item level) booked to record each prior period adjustment:**

	<b>Debit</b>	<b>Credit</b>
Net position class: _____		
1 (breakdown of adjusting journal entry)	\$ —	—

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**12 Natural Classifications of Operating Expenses**

	Salaries	Benefits	Scholarships and fellowships	Supplies and other services	Depreciation and amortization	Total operating expenses
Instruction	—	—	—	—	—	—
Research	—	—	—	—	—	—
Public service	—	—	—	—	—	—
Academic support	—	—	—	—	—	—
Student services	4,770,639	3,352,691	3,167,682	2,812,617	—	14,103,629
Institutional support	—	—	—	—	—	—
Operation and maintenance of plant	—	—	—	4,436,568	—	4,436,568
Student grants and scholarships	—	—	—	—	—	—
Auxiliary enterprise expenses	—	—	—	—	—	—
Depreciation and amortization	—	—	—	—	223,469	223,469
Total	4,770,639	3,352,691	3,167,682	7,249,185	223,469	18,763,666